

Message Text

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PAGE 01 ROME 09810 161715Z

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FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 5963

C O N F I D E N T I A L ROME 9810

EXDIS

E.O. 11652: GDS

TAGS: EFIN, EAID, PFOR, IT

SUBJECT: SECRETARY SIMONS'S TALKING POINTS FOR FRG

REF: STATE 150802

1. EMBASSY WELCOMES OPPORTUNITY COMMENT ON REFTEL. IN OUR OBSERVATIONS, WE MAKE DISTINCTION BETWEEN (A) TALKING POINTS AS DESIGNED TO BE PRESENTED TO FRG AND (B) OUR ESTIMATE ON SUBSTANCE.

2. AS REGARDS A, WE SUGGEST AN ADDITIONAL POINT ALONG FOLLOWING LINES: ONE PRINCIPAL DIFFICULTY IN ASSEMBLING THE DOMESTIC RESTRAINT PROGRAM HAS COME FROM THE SOCIALISTS, LED BY FRANCESCO DE MARTINO WHO IN OUR VIEW EITHER DOES NOT UNDERSTAND PROBLEM OR DOES NOT WANT TO. WE KNOW THAT CONTACTS EXIST BETWEEN GERMAN AND ITALIAN SOCIALIST PARTIES, AND THAT DE MARTINO HIMSELF HAS BEEN PRONE TO USE THESE INTER-PARTY CHANNELS TO PRESS PSI POINTS OF VIEW WITH ITS GERMAN COUNTERPART. IT HAS OCCURRED TO US THAT A LEADING GERMAN SOCIALIST MIGHT BE ABLE TO MAKE AN APPROACH TO DE MARTINO COMBINING PERSUASION AND HARD REALITIES. THIS LINE OF ACTION MIGHT BE MUCH MORE EFFECTIVE AND CONVINCING THAN GOVERNMENT TO GOVERNMENT DISCUSSIONS OF THE RESTRAINT PROGRAM, AND IN VIEW OF THE WESTERN STAKE IN ITALIAN STABILITY WE URGE THAT THIS SUGGESTION BE MADE NOW.

3. BOTH THE TIMING AND THE LEVEL OF AN APPROACH NOW BY SECRETARY SIMON ON THIS SUBJECT WOULD BE PERFECT. THERE ARE SOME INDICATIONS (ROME 9749) THAT THE PROGRAM MAY NOT BE SPEEDILY APPROVED AND IM-

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PAGE 02 ROME 09810 161715Z

PLEMENTED. AT PRESENT, THE SOCIALISTS ARE TALKING ABOUT RENEGOTIATING

IT IN THE LEGISLATIVE PROCESS, DESPITE THE FACT THAT THE BROAD OUT-
LINES OF THE COALITION PROGRAM RECEIVED VOTEFKOF CONFIDENCE IN BOTH
HOUSES OF PARLIAMENT ONLY TWO WEEKS AGO.

4. AS REGARDS PARA 1(B), WE OFFER THE FOLLOWING COMMENTS:

A. REVIEW BY THE IMF GOVERNOR'S COMMITTEE WILL BE POLITICALLY
OBJECTIONABLE TO SOME ITALIANS, AMONG THEM MANY WHO ARE FULLY
AWARE OF THE NEED FOR THE PROGRAM, WHO WOULD SEE IT AS AN UN-
PRECEDENTED EXAMPLE OF INTERFERENCE AND PRESSURE TACTICS. WE
PRESUME, HOWEVER, THAT THE GOVERNMENT--THE PRESENT OR ITS LIKELY
SUCCESSOR--WOULD WEATHER THE CRITICISM GENERATED.

B. WE ARE SCEPTICAL OF THE POSSIBILITY OF OBTAINING FIN-
ANCIAL SUPPORT FROM OIL PRODUCING COUNTRIES (SEE TEHRAN 5469
EXDIS). WHILE THERE MAY BE NO HARM IN ASKING THE ITALIANS TO TRY,
WE SHOULD NOT ASSUME THEY WILL SUCCEED.

C. LINKING US PARTICIPATION IN FINANCIAL ASSISTANCE TO ITS SHARE
IN ITALIAN IMPORTS INTRODUCES A CRITERION THAT COULD BE OPEN TO
OBJECTION ON TWO GROUNDS: (A) SOME COUNTRIES--THOSE IN
DEFICIT, LDCS, SOCIALIST COUNTRIES, AND SCATTERED MINOR
IMPORT SOURCES--WILL NOT DO THEIR SHARE, LEAVING A LARGE
SHORTFALL, AND (B) IT COULD BE INTERPRETED AS SELECTED TO
MINIMIZE US PARTICIPATION. WE NOTE THAT WITH A US SHARE OF
THE ITALIAN MARKET OF AROUND 10 PERCENT, OUR PARTICIPATION
WOULD BE MUCH SMALLER THAN THE GOI WOULD EXPECT. WE REALIZE
THIS MAY BE INITIAL STANCE FOR CONVERSATION WITH FRG BUT IF
IT REFLECTS BY NECESSITY OR CHOICE PROBABLE SCALE OF US
PARTICIPATION WE SHOULD BE PREPARED FOR DEEP DISAPPOINTMENT
AND DISILLUSION, PARTICULARLY IN LIGHT OF THE LEVEL OF HOPE
GENERATED BY SECRETARY KISSINGER'S VISIT ON JULY 5. VOLPE

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